

# CIF

*Foto*

Canada's Original Mutual Fund

AR28



36th  
ANNUAL  
REPORT  
1968

**Canadian Investment Fund, Ltd.**



## **DIRECTORS**

Graham F. Towers, C.M.G., *Chairman*  
Henry Borden, C.M.G.  
The Hon. F. Philippe Brais, C.B.E., Q.C.  
Hugh Bullock, K.B.E.  
Alan Chippindale  
Norris R. Crump  
Donald Gordon, C.C., C.M.G.  
G. Blair Gordon  
G. Arnold Hart, M.B.E.  
William S. Kirkpatrick

## **Custodian**

The Royal Trust Company  
*Montreal*

## **Transfer Agents**

The Royal Trust Company  
*Vancouver, Calgary, Winnipeg, Toronto,*  
*Montreal, Charlottetown*  
The Trust Company of New Jersey  
*Jersey City*

## **Auditors**

Price Waterhouse & Co.  
*Montreal*





Supervised by

**CALVIN BULLOCK**

LTD.

*Established 1894*

## CANADIAN INVESTMENT FUND, LTD.

### 36th ANNUAL REPORT for the fiscal year ended December 31, 1968

#### TO THE SHAREHOLDERS:

It is a great pleasure to report to shareholders upon completion of their Company's thirty-sixth year in the service of investors in Canada and elsewhere.

1968 was another successful year for C.I.F. Total net assets and profits on investments, both realized and unrealized, rose substantially during the year. Furthermore, and probably of greatest interest to shareholders, the year saw the Fund's per share net asset value continue to rise, reaching new record high levels in December.

C.I.F.'s performance in 1968 compared favourably with the rest of the industry. Per share net asset value rose a substantial 15% excluding dividends, and 19% including dividends. These favourable results were achieved while continuing to have insurance against unforeseen contingencies during the year in the form of cash and government bonds, which afforded relatively high income.

The chart inside the back cover shows how, year after year, going back to the Fund's inception in 1932, adherence to its often restated policy of investing primarily in a broadly diversified selection of high grade, dividend paying common stocks, while having due regard for the protection of its shareholders' capital, has continued to increase C.I.F.'s value as an investment medium, both in terms of principal and dividend return.

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## HIGHLIGHTS

YEAR ENDED DECEMBER 31	1968	1967
Total Net Assets . . . . .	\$184,906,477	\$175,987,248
Net Asset Value Per Share . . . . .	\$4.58	\$3.98
Market Value of Investments . . . . .	\$176,758,112	\$170,972,317
Cost of Investments . . . . .	\$110,957,207	\$123,362,873
Unrealized Profits . . . . .	\$ 65,800,905	\$ 47,609,444
Balance of Realized Profits . . . . .	\$ 38,266,769	\$ 31,969,540
Shares Outstanding . . . . .	40,355,116	44,125,612
Total Dividends Paid . . . . .	\$ 6,579,056	\$ 7,225,608
Dividends Paid Per Share . . . . .	15½¢	16¢

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Further purchases of shares were made during the year by prominent employer pension funds, by many hundreds of individuals, large and small and from all walks of life, by corporations, and also by religious, charitable and labour institutions, and others. It is indeed a pleasure to welcome these new shareholders and to take this opportunity to assure new and old shareholders alike that every effort will be made to provide a satisfactory investment experience consistent with the Company's objectives.

Detailed information on the Company's position and operations during the past year, as well as brief reviews of its long-term history and record appear in this report. Also presented, on behalf of the Board of Directors, are complete financial statements for the fiscal year 1968, the Auditors' Report, a full list of investments and changes, and tax information.

We hope you find this report of interest and would be happy to have the opportunity to answer any further questions shareholders may have.

By order of the Board of Directors

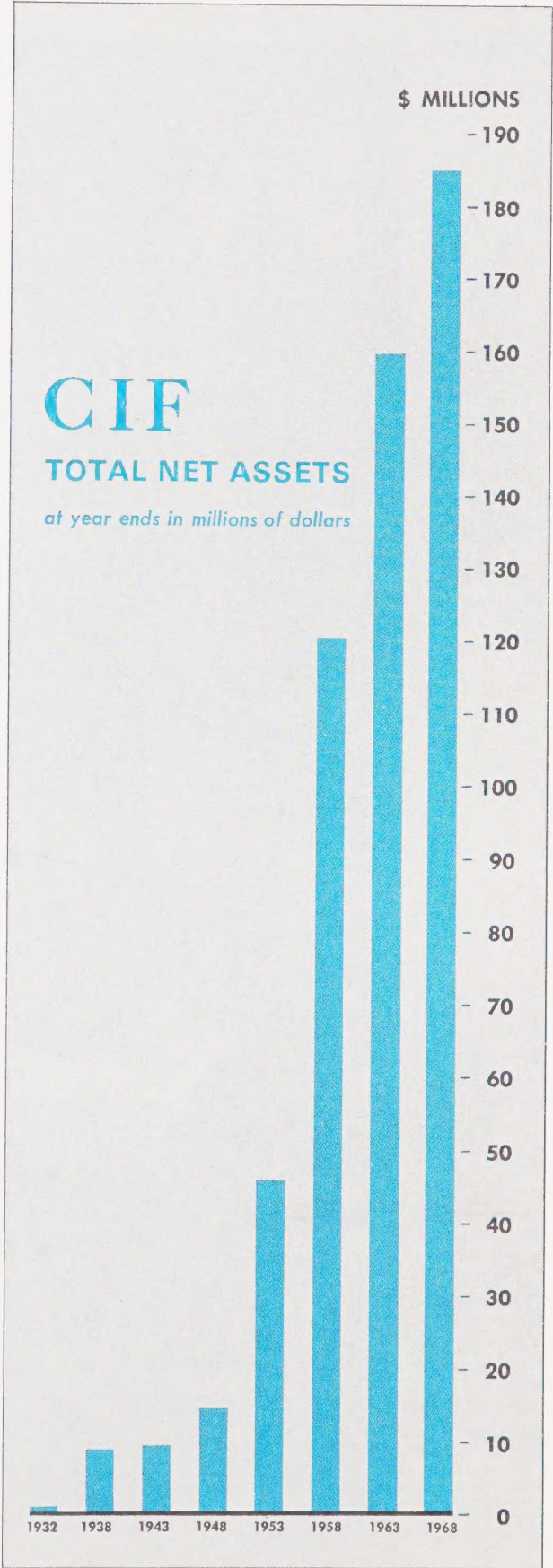
*Hugh Buelock*

*President*



*The Fund's growth since its inception in December 1932 is shown graphically at right.*

- Shareholders are to be found in every province of Canada as well as many other parts of the world, and include a wide variety of individuals and institutions.
- C.I.F. total cumulative shareholder benefits exceeded the Fund's net assets at the end of 1968. The total of more than \$195,000,000 was made up of over \$91,250,000 in cash dividends paid, a balance of profits realized on investments exceeding \$38,000,000, and unrealized profits of over \$65,750,000.
- Despite continuing rising costs of doing business, your Company's total operating expense ratio was only 46/100ths of 1% of average net assets. This is unusually low by industry standards.





**INVESTMENT  
SUPERVISION**

Your Company's investments are supervised by Calvin Bullock, Ltd., the oldest organization in North America specializing in the supervision of investment companies. Assets under its supervision exceed \$900,000,000.

Calvin Bullock stresses original research. Its analysts visit plants and interview company managers throughout Canada. Today's analyst is a frequent traveler.

*At right one of Calvin Bullock's analysts, an MBA from Western's Business School, seen returning from field trip.*

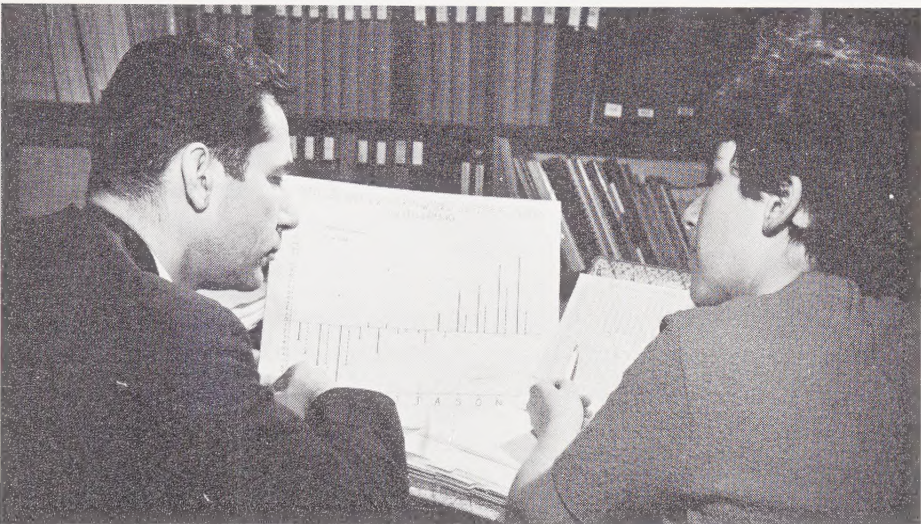




At Calvin Bullock, the work of the analyst is made easier by the maintenance of a complete statistical library.



*At left  
Statistical Assistant  
(1) in library and  
(2) briefing  
management on  
divergent trends  
developing in U.S.  
and Canadian  
stock markets.*



Analysts also benefit from frequent contact with research affiliates in the U.S. and overseas.



*At left  
internationally  
known author  
Joseph H.  
Humphrey,  
Vice-President in  
charge of the  
Investment  
Management  
Department of  
Calvin Bullock, Ltd.,  
New York.*



Mechanical aids are playing an increasing role in investment management.

*Stockmaster at right helps to supply up to the minute information on stock trading. At far right computer terminal prints out complex calculations seconds after receiving command.*



Fundamentally, of course, there can be no substitute for the judgement of capable and experienced men in the making of investment decisions.

Your Directors play an active role in overseeing the management of the portfolio. Investment changes are reported to the Directors each week and discussed at frequent meetings throughout the year.

*Report to Directors being discussed by Blaikie Purvis and David Scott, Managing Director and Vice-President respectively of Calvin Bullock, Ltd. in Montreal.*





## THE BOARD OF DIRECTORS



**Graham F. Towers, C.M.G., Chairman.** Original head for 20 years, Bank of Canada; Chairman, British Petroleum Co. of Canada Ltd., Canada Life Assurance Co.; Director, Bell Telephone Company of Canada, Moore Corporation, Ltd., Hudson's Bay Co.



**Hugh Bullock, K.B.E., President.** Chairman & Chief Executive Officer, Calvin Bullock, Ltd., New York, and Chairman or President of other investment companies under Calvin Bullock supervision. A pioneer in the investment company industry, with over 40 years of investment experience.



**Henry Borden, C.M.G., Chairman,** British Newfoundland Corp. Ltd.; Director, Bell Telephone Company of Canada, Brazilian Light & Power Co. Ltd., Canadian Imperial Bank of Commerce, Massey-Ferguson Ltd., International Business Machines Co. Ltd.



**Hon. F. P. Brais, C.B.E., Senior Partner,** Brais, Campbell, Pepper and Durand; Chairman, Banque Canadienne Nationale, Director, Canadian Pacific Railway Company, Fraser Companies, Limited, Sun Life Assurance Co. of Canada.



**Alan Chippindale,** Former President Calvin Bullock, Ltd., Montreal, & an executive officer of C.I.F. from inception in 1932. A mutual fund industry leader in Canada for over 35 years. Founding past President of The Canadian Mutual Funds Association.



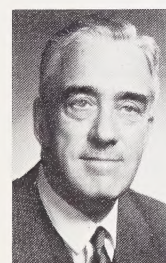
**Norris R. Crump,** Chairman and Chief Executive Officer, Canadian Pacific Railway Co.; Director, Bank of Montreal, Cominco Ltd., International Nickel Co. of Canada Ltd., Mutual Life Assurance Co. of Canada.



**Donald Gordon, C.C., C.M.G., President** and Chief Executive Officer, British Newfoundland Corp. Ltd. and Director of several other Canadian companies; former Chairman and President, Canadian National Railways.



**G. Blair Gordon,** Chairman, Penmans Limited; Director, Brazilian Light & Power Company, Domco Industries Limited, Mutual Life Assurance Co. of Canada, The Royal Trust Company.



**G. Arnold Hart, M.B.E., Chairman and Chief Executive Officer,** Bank of Montreal; Director, Cominco Ltd., Consolidated-Bathurst Limited, Steel Company of Canada Ltd., Sun Life Assurance Co. of Canada.



**W. S. Kirkpatrick,** Chairman and Chief Executive Officer, Cominco Ltd.; Director, Bank of Montreal, Consolidated-Bathurst Limited, Dominion Bridge Co. Ltd., The Royal Trust Company.



## **THE YEAR 1968**

As measured by the industrial indices, Canadian stocks did well in 1968 and Canada's economy prospered. GNP grew close to 8%, yet prices increased less quickly than in the U.S. The trade surplus more than doubled and brought increasing confidence to the external value of the Canadian dollar.

Capital spending increased more moderately in 1968 than in some recent years, but still comprised close to a quarter of Canada's GNP. Residential contract awards paced construction activity, especially in the closing months of the year, and the momentum will carry over into the early part of 1969. Industrial production rose and the automobile and steel industries performed impressively.

Some regions in Canada grew more rapidly than others. In British Columbia, for example, the population expanded more quickly than elsewhere yet its rate of unemployment declined, in contrast to the rest of the country. Disparate rates of regional growth may continue to present problems to a federal government charged with the responsibility of developing policies appropriate to all.

As the year progressed, the market appeared to place increased emphasis on the stocks of larger companies that had learned how to adapt their operations to conditions of inflation. Your Company continued to emphasize the stocks of well-financed Canadian companies during the year.

## **OUTLOOK**

In North America fiscal and monetary authorities may try to dampen inflation in 1969 and this could restrain stocks in the early months of the year. Severe monetary and fiscal medicine, however, might well be difficult for governments in the U.S. and Canada to reconcile with the policies of "full employment" to which they are both committed. The struggle between the two forces, political and economic, might well determine the course of stock markets in 1969. The longer term outlook, however, remains favourable for carefully selected quality stocks.



In addition to attracting investors to make outright purchases of a block of shares, mutual funds have over the years developed many and varied services for their shareholders. Canadian Investment Fund has been one of the pioneers in Canada in this respect. One or more of the services outlined below are being utilized by an increasing number of shareholders with estate planning or other definite objectives in mind.

#### ■ C.I.F. Growth Plan

This non contractual plan was made available to investors in 1949 as the first compounding accumulation plan based on equities in Canada. It is a purely voluntary, no penalty savings plan with modest and flexible terms. Based on the actual operating record of your Company, a plan in which \$1,000 was invested annually starting January 1, 1933 with dividends re-invested, could have been liquidated for \$214,121 at December 31, 1968.

#### ■ C.I.F. Retirement Savings Plan

This is a flexible plan meeting the requirements of the Income Tax Act as a registered retirement savings plan affording the opportunity to individuals in Canada with earned income to utilize important current tax savings to provide retirement income.

#### ■ C.I.F. Systematic Withdrawal Plan

This plan is designed for the investor who wishes to purchase shares and later withdraw fixed dollar amounts at monthly or quarterly intervals. The amounts withdrawn are derived from dividend income to the extent this source is sufficient; if not, enough shares are sold to make up the difference.

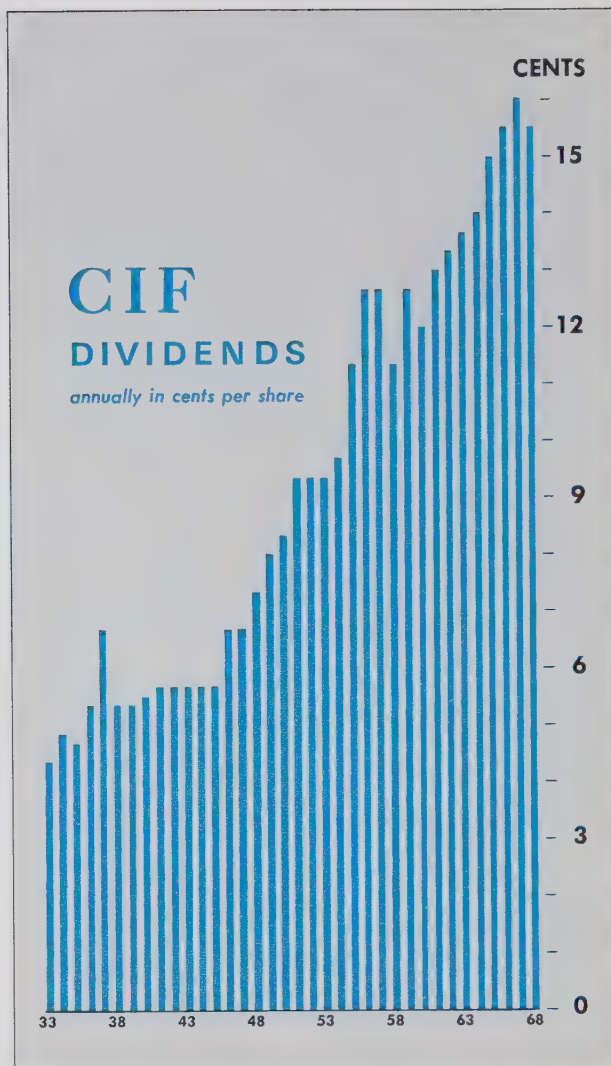
Full details on these plans are available from any investment dealer in Canada, without obligation.



*The Fund's steady pattern of growth in dividends paid since its inception is shown graphically at right.*

*At the end of 1968, the Company had paid 143 consecutive quarterly cash dividends totalling more than \$91 million.*

*C.I.F.'s continuing policy is to seek a balance between reasonable income and capital growth.*

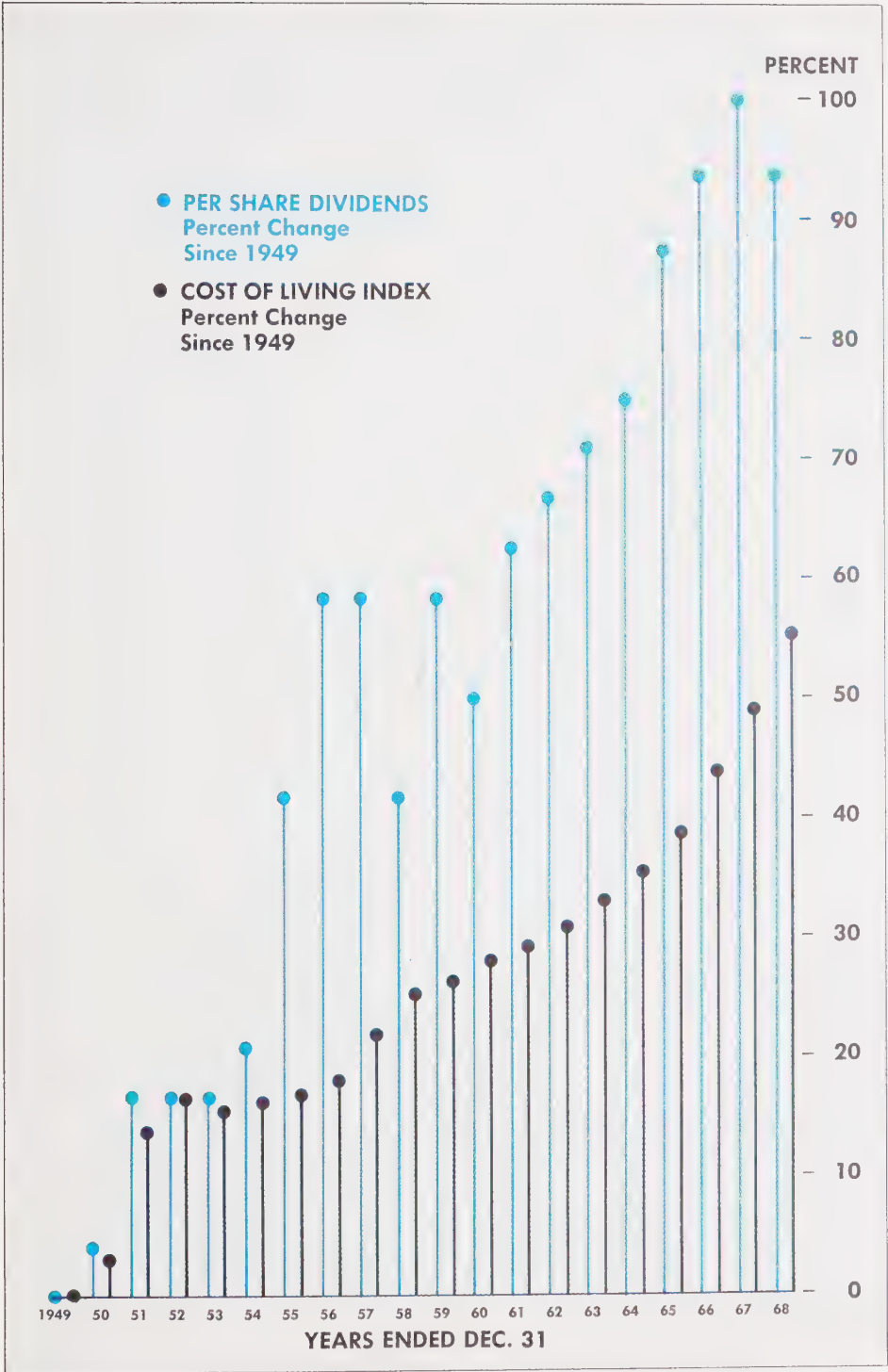


## PROTECTION AGAINST INFLATION

Although inflation has seriously reduced the purchasing power of money, C.I.F. shareholders have enjoyed protection from the effects of this inflation over the thirty-six year period since the Fund's inception.

The chart on the following page portrays the degree of income protection which your Company's cash dividends have afforded shareholders over the past twenty years. While variable from year to year the 94% growth of dividends paid much more than offset the 55% rise in the official cost-of-living index in this period. Furthermore, as an example of the degree of capital protection provided over the same period, a \$10,000 investment in C.I.F. at offering price on January 1st, 1949, could have been liquidated for \$26,953 at the end of 1968 — a capital gain of 169%.







## CANADIAN INVESTMENT FUND, LTD.

### INVESTMENT CHANGES

DECEMBER 31, 1967 — DECEMBER 31, 1968

#### PURCHASES

##### COMMON STOCKS

	NET INCREASE	NEW TOTAL
	Shares	Shares
Bank of Montreal . . . . .	22,000	385,000
Canada Packers Limited (1) . . . . .	85,000	105,000
Consolidated-Bathurst Limited . . . . .	30,000	100,000
Dominion Textile Co. Ltd. . . . .	4,000	16,000
General Electric Company . . . . .	1,000	36,000
International Nickel Co. of Canada, Ltd. (2). . . . .	100,000	160,000
Interprovincial Pipe Line Company . . . . .	10,000	360,000
Pine Point Mines Limited . . . . .	2,000	2,000
Simpsons, Limited . . . . .	4,000	85,000
Woodward Stores Ltd. "A" . . . . .	4,000	65,000

##### PREFERRED STOCKS

Trans-Canada Pipe Lines Ltd. \$2.75 Conv. \$50 par	10,000	10,000
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##### BONDS

	Principal Amount	Principal Amount
Gov't of Canada, 6% 10/1/70 . . . . . \$	500,000	\$ 500,000

#### SALES

##### COMMON STOCKS

	NET DECREASE	NEW TOTAL
	Shares	Shares
Abitibi Paper Co. Ltd. . . . .	2,000	210,000
Alcan Aluminium Limited . . . . .	70,000	30,000
Bank of Nova Scotia . . . . .	15,000	65,000
Bell Telephone Co. of Canada . . . . .	34,000	130,000
British American Oil Co. Ltd. . . . .	16,000	34,000
Canada Cement Company, Limited . . . . .	21,000	29,000
Canadian Imperial Bank of Commerce . . . . .	15,000	240,000
Canadian Industries Limited . . . . .	4,000	64,000
Canadian Pacific Railway Company . . . . .	20,000	40,000
Cominco Ltd. . . . .	25,000	45,000
Distillers Corp.-Seagrams Ltd. . . . .	4,000	82,000
Dome Mines Ltd. . . . .	15,000	25,000
Dominion Foundries & Steel Limited . . . . .	7,000	89,000



COMMON STOCKS <i>(Continued)</i>	NET DECREASE	NEW TOTAL
	Shares	Shares
Du Pont of Canada Limited . . . . .	1,000	34,000
General Motors Corporation . . . . .	3,000	80,000
Home Oil Company Limited "A" . . . . .	40,000	Nil
Imperial Oil Ltd. . . . .	31,000	94,000
Loblaw Companies Ltd. "A" . . . . .	37,000	Nil
Loblaw Companies Ltd. "B" . . . . .	162,000	Nil
MacMillan, Bloedel Limited . . . . .	21,000	150,000
Mobil Oil Corporation . . . . .	20,000	40,000
Moore Corporation Ltd. . . . .	5,000	380,000
Noranda Mines, Limited . . . . .	20,000	Nil
Ogilvie Flour Mills Co. Ltd. (3) . . . . .	60,000	Nil
Standard Oil Company (N.J.) . . . . .	3,000	60,000
Steel Company of Canada Ltd. . . . .	40,000	150,000
Trans-Canada Pipe Lines Ltd. . . . .	4,000	100,000
Trans-Canada Pipe Lines Ltd. Warrants . . . . .	2,250	Nil
Union Gas Co. of Canada, Ltd. . . . .	22,000	270,000
George Weston Limited (4) . . . . .	4,000	34,000
F. W. Woolworth Co. . . . .	15,000	25,000

PREFERRED STOCKS

Aluminum Co. of Canada, Ltd., 4% . . . . .	7,000	Nil
Aluminum Co. of Canada, Ltd., 4½% . . . . .	6,000	Nil
Chemcell Limited, \$1.75 Series . . . . .	8,200	Nil
Trans-Canada Pipe Lines Ltd., \$2.80 . . . . .	4,500	Nil
George Weston Limited, 4½% . . . . .	3,000	Nil

BONDS	Principal Amount	Principal Amount
Gov't. of Canada, 5½% 10/1/69 . . . . . \$	500,000	\$ 500,000
Can. Nat. Railway Co., 5½% 12/15/71 . . . . .	500,000	10,500,000

(1) 5 shares of Canada Packers Limited received in exchange for each share of Canada Packers Limited "A" plus shares purchased.

(2) Split 2½ for 1 plus shares purchased.

(3) Received 60,000 shares of John Labatt \$1.00 Conv. preferred plus \$126,000 cash in exchange for 60,000 shares of Ogilvie Flour Mills Co. Ltd. common. Subsequently all these shares were sold.

(4) 1 share of George Weston Limited received in exchange for each share of George Weston Limited "A" and "B" less shares sold.



## CANADIAN INVESTMENT FUND, LTD.

### INVESTMENTS

AT DECEMBER 31, 1968

#### COMMON STOCKS

##### AUTOMOTIVE

	SHARES	MARKET VALUE†	PROPORTION OF A \$10,000 INVESTMENT*
General Motors Corporation . . . . .	80,000	\$ 6,786,947	\$ 367

##### BANK AND FINANCE

Bank of Montreal . . . . .	385,000	\$ 6,400,625	\$ 346
Bank of Nova Scotia . . . . .	65,000	1,738,750	94
Banque Canadienne Nationale . . . . .	55,000	749,375	41
Canadian Imperial Bank of Commerce . . . . .	240,000	5,460,000	295
Industrial Acceptance Corp. Ltd. . . . .	230,000	5,750,000	311
Royal Bank of Canada . . . . .	275,000	7,321,875	396
Toronto-Dominion Bank . . . . .	120,000	2,700,000	146
		<u>\$ 30,120,625</u>	<u>\$1,629</u>

##### BUILDING

Canada Cement Company, Limited . . . . .	29,000	\$ 971,500	\$ 53
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##### CHEMICAL

Canadian Industries Limited . . . . .	64,000	\$ 944,000	\$ 51
Du Pont of Canada Limited . . . . .	34,000	1,232,500	67
Union Carbide Canada Limited . . . . .	50,000	981,250	53
		<u>\$ 3,157,750</u>	<u>\$ 171</u>

##### FOOD & BEVERAGE

Canada Packers Limited . . . . .	105,000	\$ 2,152,500	\$ 116
Distillers Corp.-Seagrams Ltd. . . . .	82,000	4,141,000	224
Hiram Walker-Gooderham & Worts, Ltd. . . . .	250,000	10,562,500	571
George Weston Limited . . . . .	34,000	714,000	39
		<u>\$ 17,570,000</u>	<u>\$ 950</u>



COMMON STOCKS (Continued)

HEAVY INDUSTRY	SHARES	MARKET VALUE†	PROPORTION OF A \$10,000 INVESTMENT*
Dominion Foundries & Steel Ltd. . . . .	89,000	\$ 2,124,875	\$ 115
General Electric Company . . . . .	36,000	3,623,458	196
Steel Company of Canada Ltd. . . . .	150,000	3,975,000	215
		\$ 9,723,333	\$ 526

MINING

Alcan Aluminium Limited . . . . .	30,000	\$ 855,000	\$ 46
Cominco Ltd. . . . .	45,000	1,665,000	90
Dome Mines Ltd. . . . .	25,000	1,950,000	105
International Nickel Co. of Canada, Ltd. .	160,000	6,620,000	358
Pine Point Mines Limited . . . . .	2,000	87,000	5
		\$ 11,177,000	\$ 604

PAPER & NEWSPRINT

Abitibi Paper Co. Ltd. . . . .	210,000	\$ 1,995,000	\$ 108
Consolidated-Bathurst Limited . . . . .	100,000	2,100,000	114
Crown Zellerbach Corp. . . . .	9,000	547,620	29
MacMillan, Bloedel Limited . . . . .	150,000	4,275,000	231
		\$ 8,917,620	\$ 482

PETROLEUM

British American Oil Co. Ltd. . . . .	34,000	\$ 1,564,000	\$ 85
Imperial Oil Ltd. . . . .	94,000	7,755,000	419
Interprovincial Pipe Line Company . . .	360,000	7,245,000	392
Mobil Oil Corporation . . . . .	40,000	2,519,641	136
Standard Oil Company (N.J.) . . . . .	60,000	5,058,044	274
		\$ 24,141,685	\$1,306



## CANADIAN INVESTMENT FUND, LTD.

### INVESTMENTS

AT DECEMBER 31, 1968

#### COMMON STOCKS *(Continued)*

PUBLIC UTILITY	SHARES	MARKET VALUE†	PROPORTION OF A \$10,000 INVESTMENT*
Bell Telephone Co. of Canada . . . . .	130,000	\$ 6,110,000	\$ 330
Consumers' Gas Company . . . . .	300,000	6,000,000	324
Trans-Canada Pipe Lines Ltd. . . . .	100,000	3,875,000	210
Union Gas Co. of Canada, Ltd. . . . .	270,000	4,488,750	243
		\$ 20,473,750	\$1,107

#### RETAIL TRADE

Simpsons, Limited . . . . .	85,000	\$ 3,102,500	\$ 168
Woodward Stores Ltd. "A" . . . . .	65,000	1,210,625	65
F. W. Woolworth Co. . . . .	25,000	881,204	48
		\$ 5,194,329	\$ 281

#### TEXTILE

Dominion Textile Co. Ltd. . . . .	16,000	\$ 244,000	\$ 13
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#### MISCELLANEOUS

Canadian Pacific Railway Company . . . . .	40,000	\$ 3,080,000	\$ 167
Moore Corporation Ltd. . . . .	380,000	12,302,500	665
		\$ 15,382,500	\$ 832
TOTAL COMMON STOCKS . . . . .		\$153,861,039	\$8,321

#### PREFERRED STOCKS

Alcan Aluminium Ltd., 4¼% Conv. . . . .	9,000	\$ 317,250	\$ 17
Dominion Glass Co. Ltd., 7% Conv. . . . .	15,000	277,500	15
Dominion Textile Co. Ltd., 7% . . . . .	1,200	125,550	7



<b>PREFERRED STOCKS</b> <i>(Continued)</i>	SHARES	MARKET VALUE†	PROPORTION OF A \$10,000 INVESTMENT*
Howard Smith Paper Mills Ltd., \$2.00 . . .	2,000	\$ 58,000	\$ 3
Industrial Accept. Corp. Ltd., 4½% \$100 . . .	4,000	276,000	15
Industrial Accept. Corp. Ltd., 5¼% . . . .	60,000	1,492,500	81
Quebec Natural Gas Corp., 5½% . . . .	2,750	202,125	11
Texaco Canada Limited, 4% . . . . .	738	52,398	3
Trans-Can. Pipe Lines Ltd., \$2.75 Conv. . .	10,000	735,000	40
Zeller's Limited, 4½% . . . . .	5,000	211,250	11
Can. Pacific Railway Co., 4% Non-Cum. \$390,000		260,000	14
<b>TOTAL PREFERRED STOCKS . . .</b>		<b>\$ 4,007,573</b>	<b>\$ 217</b>

<b>BONDS</b>	PRINCIPAL AMOUNT	MARKET VALUE†	PROPORTION OF A \$10,000 INVESTMENT*
Gov't. of Canada, 5½% 10/1/69 . . . .	\$ 500M	\$ 495,750	\$ 27
Gov't. of Canada, 6¾% 10/1/70 . . . .	500M	500,000	27
Gov't. of Canada, 5¾% 12/15/70 . . . .	3,000M	2,943,000	159
Gov't. of Canada, 6% 4/1/71 Conv. . . .	3,000M	2,952,000	160
Gov't. of Canada, 6¼% 12/1/73 Conv. . .	1,000M	970,000	53
Gov't. of Canada, 5½% 10/1/75 . . . .	1,000M	896,250	48
Can. Nat. Railway Co., 5½% 12/15/71 . .	10,500M	10,132,500	548
<b>TOTAL BONDS . . . . .</b>		<b>\$ 18,889,500</b>	<b>\$1,022</b>
<b>TOTAL INVESTMENTS . . . . .</b>		<b>\$176,758,112</b>	<b>\$9,560</b>
<b>CASH, ETC., NET . . . . .</b>		<b>8,148,365</b>	<b>440</b>
<b>TOTAL NET ASSETS . . . . .</b>		<b>\$184,906,477</b>	<b>\$10,000</b>

†Investments valued at market quotations. Market values of United States securities are expressed in Canadian funds at the rate of exchange prevailing on December 31, 1968, 77/32% premium on U.S. funds.

\*Dollar amount for each security represented by a \$10,000 investment in the Fund at asset value on that date.

CANADIAN INVESTMENT FUND, LTD. (Incorporated under Canada Corporations Act)

STATEMENT OF NET ASSETS (BALANCE SHEET) — DECEMBER 31, 1968  
(and comparative figures for 1967)

ASSETS	1968	1967
Investments at market value (average cost — 1968 — \$110,957,207 ; 1967 — \$123,362,873) . .	\$176,758,112	\$170,972,317
Cash on deposit, demand —		
The Royal Trust Company, Montreal . . . . .	8,831,554	4,336,272
Interest accrued and dividends receivable . . . . .	805,381	980,049
Due by subscriber to capital stock . . . . .	24,396	70,582
Prepaid expenses . . . . .	—	1,776
TOTAL ASSETS . . . . .	<u>\$186,419,443</u>	<u>\$176,360,996</u>
LIABILITIES		
Payable in respect of securities purchased . . . . .	\$ 689,400	\$ 4,500
Payable for special shares of capital stock redeemed or purchased for cancellation . . . . .	602,955	139,483
Management and directors' compensation payable . .	174,421	169,430
Accrued expenses and sundry accounts payable . .	11,792	8,283
United States withholding tax . . . . .	4,559	4,487
Canadian taxes on income . . . . .	29,839	47,565
TOTAL LIABILITIES . . . . .	<u>\$ 1,512,966</u>	<u>\$ 373,748</u>
NET ASSETS AT MARKET VALUE . . . . .	<u>\$184,906,477</u>	<u>\$175,987,248</u>
NET ASSET VALUE PER SHARE . . . . .	<u>\$4.58</u>	<u>\$3.98</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK:		
Special shares of 33⅓ cents each (redeemable on demand by the holders at liquidating value as provided in the Letters Patent of the Company) — Authorized — 75,000,000 shares of which 29,867,211 (1967 — 24,978,465) have been redeemed or purchased for cancellation from inception		
Outstanding — 40,352,116 shares (1967 — 44,122,612 shares) .	\$ 13,450,705	\$ 14,707,537
Ordinary shares — Authorized and outstanding — 3,000 shares of 33⅓ cents each . . . . .	1,000	1,000
TOTAL CAPITAL STOCK . . . . .	<u>\$ 13,451,705</u>	<u>\$ 14,708,537</u>
SURPLUS, as per statements annexed:		
Paid-in surplus . . . . .	\$ 65,188,521	\$ 79,486,321
Earned surplus . . . . .	40,465,346	34,182,946
TOTAL SURPLUS . . . . .	<u>\$105,653,867</u>	<u>\$113,669,267</u>
UNREALIZED APPRECIATION OF INVESTMENTS . . . . .	<u>\$ 65,800,905</u>	<u>\$ 47,609,444</u>
SHAREHOLDERS' EQUITY AS PER NET ASSETS ABOVE . . .	<u>\$184,906,477</u>	<u>\$175,987,248</u>

Approved on behalf of the Board:  
G. F. TOWERS, *Director*  
ALAN CHIPPINDALE, *Director*





## CANADIAN INVESTMENT FUND, LTD.

### STATEMENT OF INCOME ACCOUNT

FOR THE YEAR ENDING DECEMBER 31, 1968

(and comparative figures for 1967)

INCOME:	<u>1968</u>	<u>1967</u>
Cash dividends . . . . .	\$5,630,873	\$5,967,604
Bond interest . . . . .	1,118,585	1,089,531
Interest on cash deposits . . . . .	349,724	294,406
Proceeds — dividends in stock, and rights . .	67,000	136,350
	<u>\$7,166,182</u>	<u>\$7,487,891</u>
EXPENSES:		
Management . . . . .	\$ 581,887	\$ 610,959
Transfer, dividend paying agent's and custodian's fees . . . . .	62,819	66,682
General expenses and auditors' fees . . . . .	69,771	59,941
Taxes, other than income taxes . . . . .	3,627	2,925
Legal fees and expenses . . . . .	13,157	7,782
Directors' compensation . . . . .	79,125	85,500
	<u>\$ 810,386</u>	<u>\$ 833,789</u>
Net income before providing for the items shown below . . . . .	\$6,355,796	\$6,654,102
United States withholding and Canadian income taxes paid and provided for . . . . .	<u>289,493</u>	<u>267,957</u>
Net income, exclusive of profit or loss from sales of securities . . . . .	<u><u>\$6,066,303</u></u>	<u><u>\$6,386,145</u></u>



## CANADIAN INVESTMENT FUND, LTD.

### STATEMENT OF DISTRIBUTION ACCOUNT

FOR THE YEAR ENDING DECEMBER 31, 1968

(and comparative figures for 1967)

	<u>1968</u>	<u>1967</u>
Balance of income account, as annexed . . . .	\$6,066,303	\$6,386,145
Balance of distribution account at beginning of year . . . . .	2,223,518	2,439,336
Received on subscription to capital stock to equalize the per share amount available for distribution on the then outstanding shares (dividends declared are first chargeable against this amount) as provided by resolutions of the Board of Directors . . . . .	50,051	81,495
Transferred from profits on sales of securities an amount equal to management and directors' compensation charged to income . . . . .	661,012	696,459
	<u>\$9,000,884</u>	<u>\$9,603,435</u>
<i>Deduct:</i>		
Dividends paid —		
Special shares . . . . .	\$6,578,591	\$7,225,128
Ordinary shares . . . . .	465	480
Amounts included in prices of special shares redeemed or purchased for cancellation, equal to the per share portion of income and distribution accounts . . . . .	215,708	154,309
	<u>\$6,794,764</u>	<u>\$7,379,917</u>
Balance of distribution account at end of year	<u>\$2,206,120</u>	<u>\$2,223,518</u>
Included in paid-in surplus, annexed . . . . .	\$ 7,543	\$ 10,112
Included in earned surplus, annexed . . . . .	2,198,577	2,213,406
	<u>\$2,206,120</u>	<u>\$2,223,518</u>





## CANADIAN INVESTMENT FUND, LTD.

### STATEMENT OF SURPLUS ACCOUNT

FOR THE YEAR ENDING DECEMBER 31, 1968

(and comparative figures for 1967)

<b>Paid-in surplus:</b>	<u>1968</u>	<u>1967</u>
Balance at beginning of year . . . . .	\$ 79,486,321	\$ 85,862,069
Less: Included in beginning balance of distribution account, annexed . . . . .	<u>10,112</u>	<u>18,476</u>
	\$ 79,476,209	\$ 85,843,593
Proceeds from 1,118,250 special shares (1967—1,775,322 shares) subscribed for, not including portion of subscription price credited to distribution account, annexed	\$ 4,493,625	\$ 7,087,193
Less: Par value thereof . . . . .	<u>372,750</u>	<u>591,774</u>
	\$ 4,120,875	\$ 6,495,419
	<u>\$ 83,597,084</u>	<u>\$ 92,339,012</u>
 <i>Deduct:</i>		
Consideration paid on redemption or purchase for cancellation of 4,888,746 special shares (1967—3,478,660 shares) during the year, not including amount charged to distribution account, annexed . . . . .	\$ 20,045,688	\$ 14,022,356
Less: Par value thereof . . . . .	<u>1,629,582</u>	<u>1,159,553</u>
	\$ 18,416,106	\$ 12,862,803
	<u>\$ 65,180,978</u>	<u>\$ 79,476,209</u>
Portion of subscription price included in balance of distribution account, annexed	<u>7,543</u>	<u>10,112</u>
Balance of paid-in surplus at end of year . . .	<u>\$ 65,188,521</u>	<u>\$ 79,486,321</u>
 <b>Earned surplus:</b>		
Net realized profits from sales of securities —		
Balance at beginning of year . . . . .	\$ 31,969,540	\$ 26,885,542
Net realized profits during year . . . . .	<u>6,958,241</u>	<u>5,780,457</u>
	\$ 38,927,781	\$ 32,665,999
Less: Amount transferred to distribution account	<u>661,012</u>	<u>696,459</u>
Balance at end of year . . . . .	\$ 38,266,769	\$ 31,969,540
Portion of balance of distribution account at end of year, annexed . . . . .	<u>2,198,577</u>	<u>2,213,406</u>
Balance of earned surplus at end of year . . .	\$ 40,465,346	\$ 34,182,946
Total surplus at end of year . . . . .	<u>\$105,653,867</u>	<u>\$113,669,267</u>

# CANADIAN INVESTMENT FUND, LTD.

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDING DECEMBER 31, 1968

(and comparative figures for 1967)

	1968	1967 (Note 4)
NET ASSETS AT BEGINNING OF YEAR:		
Investments (average cost — 1968—\$123,362,873 1967—\$124,333,595) . . . . .	\$170,972,317	\$162,944,899
Other assets less liabilities . . . . .	5,014,931	6,111,193
	<u>\$175,987,248</u>	<u>\$169,056,092</u>
Net investment income . . . . .	6,066,303	6,386,145
Net realized profits from sales of securities (1968—Proceeds \$24,527,843 less cost \$17,569,602; 1967—Proceeds \$21,074,131 less cost \$15,293,674) . . . . .	6,958,241	5,780,457
Increase in unrealized appreciation of investments . . . . .	18,191,461	8,998,140
Proceeds from issue of special shares . . . . .	4,543,676	7,168,687
Securities purchased . . . . .	5,163,936	14,323,131
	<u>\$216,910,865</u>	<u>\$211,712,652</u>
Consideration paid on redemption or purchase for cancellation of special shares . . . . .	\$ 20,261,396	\$ 14,176,665
Cost of securities purchased . . . . .	5,163,936	14,323,131
Cash dividends paid out of net investment income . . . . .	6,579,056	7,225,608
	<u>\$ 32,004,388</u>	<u>\$ 35,725,404</u>
NET ASSETS AT END OF YEAR . . . . .	<u>\$184,906,477</u>	<u>\$175,987,248</u>
Represented by:		
Investments (average cost — 1968—\$110,957,207 1967—\$124,333,595) . . . . .	\$176,758,112	\$170,972,317
Other assets less liabilities . . . . .	8,148,365	5,014,931
	<u>\$184,906,477</u>	<u>\$175,987,248</u>
	Per share	
Net asset value at end of year . . . . .	<u>\$4.58</u>	<u>\$3.98</u>
Net asset value at beginning of year . . . . .	<u>\$3.98</u>	<u>\$3.68</u>
Distribution out of net investment income (Note 3) . . . . .	<u>\$ .15½</u>	<u>\$ .16</u>
Distribution out of realized profits from sales of securities (Note 3) . . . . .	<u>Nil</u>	<u>Nil</u>

## NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1:** During the year ended December 31, 1968, 1,118,250 special shares were issued for a total consideration of \$4,543,676 (including \$50,051 credited to distribution account) and 4,888,746 special shares were redeemed or purchased for cancellation at a total cost of \$20,261,396 (including \$215,708 charged to distribution account).

**NOTE 2:** For the year ended December 31, 1968, investment portfolio purchases aggregated \$4,663,936 excluding all purchases of government and government guaranteed bonds which amounted to \$500,000. Proceeds from investment portfolio sales aggregated \$23,556,343 excluding proceeds from all sales of government and government guaranteed bonds which amounted to \$971,500.

**NOTE 3:** Net income per share amounts to 14 cents (1967 — 14 cents) calculated on the average number of shares outstanding during the year. Amounts available for distribution to shareholders include the above net income and, in accordance with company policy, an additional amount of approximately 1½ cents (1967 — 1½ cents) which is equal to Management and Directors' compensation charged to the income account deemed to have been in effect paid out of profits realized from the sale of securities.

**NOTE 4:** The 1967 figures have been restated to comply with 1968 amendments to the Ontario Securities Act.



AUDITORS' REPORT

TO THE SHAREHOLDERS OF  
CANADIAN INVESTMENT FUND, LTD.:

We have examined the statement of net assets of Canadian Investment Fund, Ltd., as at December 31, 1968 and the statements of income, distribution and surplus accounts and of changes in net assets for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The Royal Trust Company, as custodian, has confirmed to us that it held the securities representing the Company's investments, and the balances of cash on deposit at December 31, 1968 for the Company's account.

In our opinion these financial statements present fairly the financial position of the Company as at December 31, 1968 and the results of its operations and the changes in net assets for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.,  
*Chartered Accountants.*

*Montreal, January 8, 1969*

In the opinion of counsel, shareholders of the Company who were individuals resident in Canada in 1968 will, in determining their income tax liability to Canada, be entitled to take into consideration dividends received from this Company in that year when computing the 20% dividend tax credit permitted under the terms of Section 38 of the Canadian Income Tax Act.

Residents of the Province of Quebec may similarly take such dividends into consideration for the purpose of their Provincial income tax and the 10% net dividend tax credit.

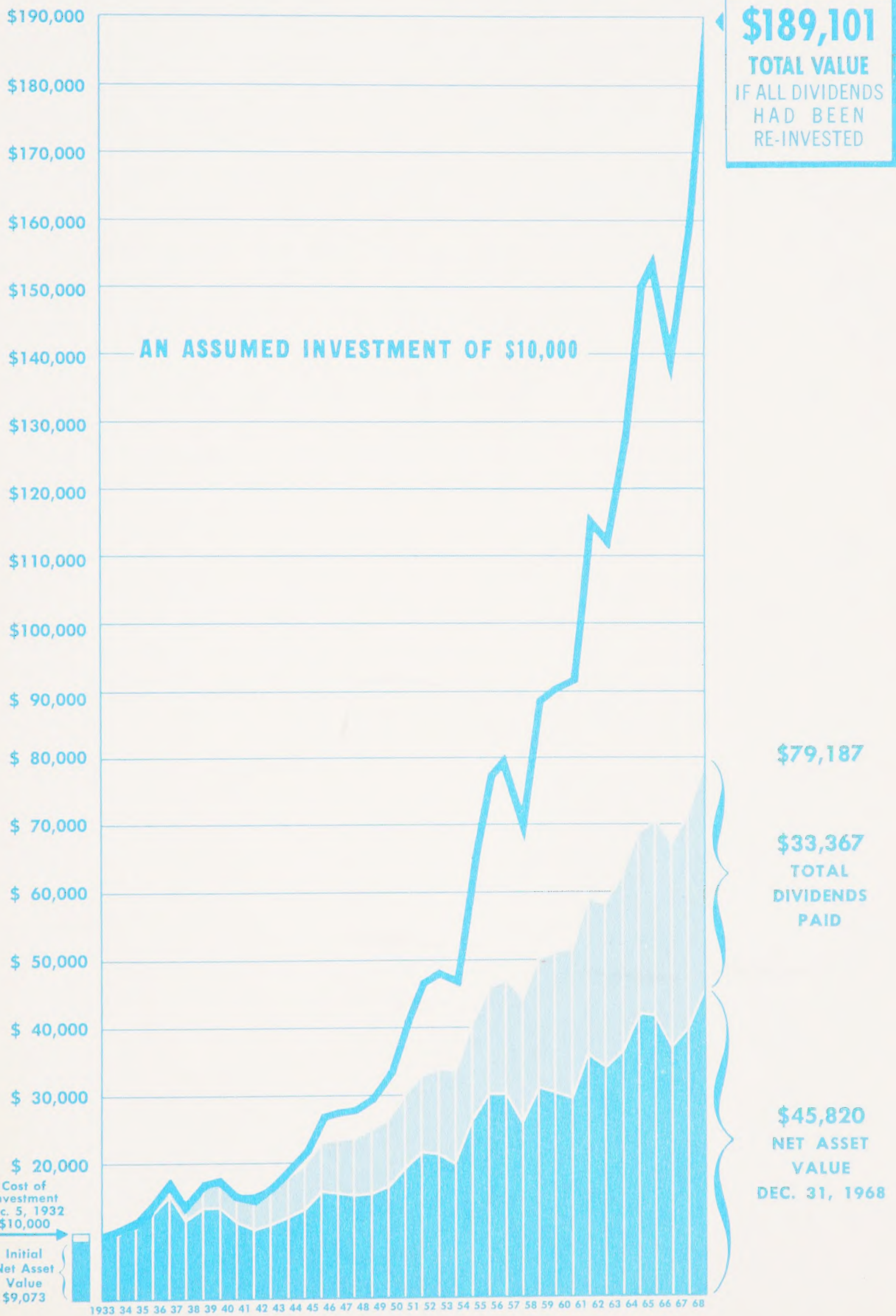
## **LONG-TERM RECORD**

Shareholders may find it interesting to review the chart opposite which illustrates how an assumed investment of \$10,000 made at C.I.F.'s initial offering price in December 1932 had grown in the 36 years to the end of 1968. It should be pointed out that the figures make no provision for income taxes, if any, payable by the investor on dividends. To those interested in the long-term benefit which a common stock mutual fund such as C.I.F. based primarily on dividend paying quality stocks can render, note will be made of the relatively minor fluctuations in the value of the investment from year to year, as well as the results achieved by the end of 1968.



# CIF

Canada's Original Mutual Fund





**C-I-L HOUSE • MONTREAL 101**

*"Upon the whole surface  
of the globe,  
there is no more spacious  
and splendid domain  
than Canada  
open to the activity  
and genius of free men."*

— SIR WINSTON CHURCHILL